

House Study Bill 121

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
AGRICULTURE BILL BY
CHAIRPERSON MERTZ)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the fees deposited in and the balance
2 maintained in the grain depositors and sellers indemnity fund,
3 and by providing for fees.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 1186HC 83
6 da/nh/14

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1 1 Section 1. Section 203D.5, Code 2009, is amended to read
1 2 as follows:
1 3 203D.5 ADJUSTMENTS TO FEE.
1 4 1. The board shall review annually the debits of and
1 5 credits to the grain depositors and sellers indemnity fund
1 6 created in section 203D.3 and shall make any adjustments in
1 7 the per-bushel fee required under section 203D.3, subsection
1 8 2, and the dealer-warehouse fee required under section 203D.3,
1 9 subsection 3, that are necessary to maintain the fund within
1 10 the limits established under this section. Not later than the
1 11 first day of May of each year, the board shall determine the
1 12 proposed amount of the per-bushel fee based on the expected
1 13 volume of grain on which the fee is to be collected and that
1 14 is likely to be handled under this chapter, and shall also
1 15 determine any adjustment to the dealer-warehouse fee. The
1 16 board shall make any changes in the previous year's fees in
1 17 accordance with chapter 17A. Changes in the fees shall become
1 18 effective on the following first day of July. The per-bushel
1 19 fee shall not exceed ~~one-quarter~~ one-half cent per bushel on
1 20 all purchased grain as defined in section 203D.3. Until the
1 21 per-bushel fee is adjusted or waived as provided in this
1 22 section, the per-bushel fee is ~~one-quarter~~ one-half cent on
1 23 all purchased grain.
1 24 2. If, at the end of any three-month period, the assets of
1 25 the fund exceed ~~six~~ eight million dollars, less any encumbered
1 26 balances or pending or unsettled claims, the per-bushel fee
1 27 required under section 203D.3, subsection 2, and the
1 28 dealer-warehouse fee required under section 203D.3, subsection
1 29 3, shall be waived and the fees are not assessable or owing.
1 30 The board shall reinstate the fees if the assets of the fund,
1 31 less any unencumbered balances or pending or unsettled claims,
1 32 are three million dollars or less.
1 33 Sec. 2. Section 203D.6, subsection 7, Code 2009, is
1 34 amended to read as follows:
1 35 7. PAYMENT OF CLAIMS. Upon a determination that the claim
2 1 is eligible for payment, the board shall provide for payment
2 2 of ninety percent of the loss, as determined under subsection
2 3 4, but not more than ~~one~~ three hundred ~~fifty~~ thousand dollars
2 4 per claimant. If at any time the board determines that there
2 5 are insufficient funds to make payment of all claims, the
2 6 board may order that payment be deferred on specified claims.
2 7 The department, upon the board's instruction, shall hold those
2 8 claims for payment until the board determines that the fund
2 9 again contains sufficient assets.
2 10 EXPLANATION
2 11 BACKGROUND. This bill amends Code chapter 203D which
2 12 establishes the grain depositors and sellers indemnity fund
2 13 for use in indemnifying a "depositor" who has stored grain
2 14 with a warehouse operator licensed in this state, for losses
2 15 resulting from the depositor's right to receive possession of
2 16 the grain, and a "seller" who is a producer selling grain to a
2 17 grain dealer, for losses resulting from a failure to receive

2 18 payment for that grain. The fund is administered by the Iowa
2 19 grain indemnity fund board, and grain dealers and warehouse
2 20 operators are regulated by the department of agriculture and
2 21 land stewardship.

2 22 The fund is supported by the following fees: (1) a
2 23 dealer-warehouse fee which is a fixed amount imposed upon
2 24 licensed grain dealers and warehouse operators (for grain
2 25 dealers an amount based on whether they hold a class 1 or
2 26 class 2 license, and for warehouse operators an amount based
2 27 on warehouse storage capacity), and (2) a per-bushel fee
2 28 imposed on "purchased grain", which is grain sold to a grain
2 29 dealer by a seller, remitted by the grain dealer to the
2 30 department, and allowed to be passed through to the seller.

2 31 The board is provided discretion in its administration of
2 32 the fund. First, it may adjust the amount of the per-bushel
2 33 fee up to one-quarter cent per bushel on all purchased grain.
2 34 Second, it may suspend ("waive") the assessment of the
2 35 dealer-warehouse fee or the per-bushel fee, if the
3 1 unencumbered balance of the fund (less pending claims) is more
3 2 than \$3 million. Conversely, the fees are automatically
3 3 waived once the balance exceeds \$6 million.

3 4 A person who timely files an eligible claim with the board
3 5 is entitled to receive 90 percent of a loss with a maximum
3 6 payout of \$150,000.

3 7 BILL'S PROVISIONS. The bill increases the maximum amount
3 8 of the per-bushel fee that the board may assess from
3 9 one-quarter cent to one-half cent per bushel. The balance in
3 10 the fund required to automatically waive the assessment of the
3 11 dealer-warehouse fee and the per-bushel fee, is increased from
3 12 \$6 million to \$8 million. The amount of the maximum payout
3 13 for a loss by an eligible claimant is increased from \$150,000
3 14 to \$300,000.

3 15 LSB 1186HC 83

3 16 da/nh/14